

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-4477
September 23, 2004

R E S O L U T I O N

**(RES. W-4477), CALIFORNIA WATER SERVICE COMPANY –
BAKERSFIELD, BEAR GULCH, CHICO, DIXON, DOMINGUEZ-
SOUTH BAY, EAST LOS ANGELES, HERMOSA-REDONDO, KING
CITY, LIVERMORE, LOS ALTOS-SUBURBAN, MARYSVILLE, MID-
PENINSULA, PALOS VERDES, SALINAS, SELMA, SOUTH SAN
FRANCISCO, STOCKTON, VISALIA, WESTLAKE, AND WILLOWS
DISTRICTS - RESOLUTION RECORDING STATUS OF RESERVE
ACCOUNT RECOVERY FILINGS AND RESULTS OF EARNINGS
TESTS.**

SUMMARY

This resolution approves 40 Advice Letters filed by California Water Service Company (CSWC) as required by D.03-06-072, June 19, 2003 in the Balancing Account OIR¹ (the Decision), subsequently modified by D.04-03-049, March 29, 2004. For 20 of its ratemaking districts², CWSC is seeking to (1) recover the net under-collections and to refund net over-collections in its purchased water, purchased power and pump tax reserve accounts booked after November 29, 2001, (2) recover some previously approved memorandum accounts and balancing account balances incurred prior to November 29, 2001 (which do not require an earnings test), and (3) in some cases, where the amounts are less than two percent of the last authorized revenue requirement, retain under-collections for later recovery or over-collections for later refund. The purpose of this resolution is to provide a status report on these filings and memorialize the resulting account balances.

¹ OIR 01-12-009 “Order Instituting Rulemaking on the Commission’s Own Motion to Evaluate Existing Practices and Policies for Processing Offset Rate increases and Balancing accounts in the Water Industry to Decide Whether New Processes are Needed”

² CSWC had a total of 24 ratemaking districts, but four of them, Oroville, Kern River Valley, Antelope Valley and Redwood Valley, do not have balancing accounts.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

BACKGROUND

As required by the Decision, each Class A water utility must file Advice Letters on or before March 31 of the following year to recover or refund reserve account balances accrued in each ratemaking district in the calendar year, as adjusted by an earnings test.

The filings in this resolution address account balances accrued in three timeframes: (1) prior to November 29, 2001, (2) November 30 through December 31, 2001 and January 1 through December 31, 2002, and (3) January 1 through December 31, 2003. Recovery for timeframe (1), if any, and timeframe (2) are requested in the same Advice Letter.

Balances in timeframes (2) and (3) must be adjusted by any over-earnings that occurred during those time periods (November 30 through December 31, 2001 over-earnings are calculated at one-twelfth of the over-earnings for calendar year 2001). Additionally any revenues already received due to Commission approved revenue offsets must be credited to determine the amount of recovery or refund.

All calculations include interest at the 90-day commercial paper rate.

These advice letters request the following³:

Bakersfield District

CWSC serves about 22,347-metered customers and 35,154 flat rate customers in its Bakersfield District. The present rates for the District became effective on January 14, 2004 by Advice Letter No. 1610 that implemented a step rate increase.

Advice Letter No. 1618: filed March 23, 2004, was supplemented by Advice Letter No. 1618-A, June 9, 2004. CWSC seeks revision to its tariff Schedule Nos. BK-1, General Metered Service by assessing a surcharge of \$ 0.0376 per Ccf, and BK-2R, Residential Flat Rate Service, by assessing a \$1.20 to \$2.18 surcharge per service connection depending on lot size, over 12 months, to recover a \$1,107,536 or 3.76% under-collection, including interest. No adjustments to these accounts were necessary due to over-earnings in 2001 or calendar year 2002.

³ Percentages are based on the last adopted revenue requirement for the district.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Advice Letter No. 1646: filed April 1, 2004. CWSC seeks to retain a \$426,312 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Bear Gulch District

CWSC serves about 17,500-metered customers in its Bear Gulch District. The present rates for the District became effective on January 12, 2004 by Advice Letter No. 1597 that implemented a step rate increase.

Advice Letter No. 1631: filed March 29, 2004. CWSC seeks to retain a \$66,331 net under-collection, including interest, for later recovery. This recovery includes an adjustment of \$2,303 due to over-earnings in 2001 and a \$528,761 adjustment due to over-earnings in calendar year 2002.

Advice Letter No. 1632: filed March 29, 2004. CWSC seeks revision to its tariff Schedule No. BG-1, General Metered Service, by assessing a surcharge of \$0.0730 per Ccf over 12 months, to recover a \$400,355 or 2.67% under-collection, including interest. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Chico District

CWSC serves about 23,300-metered customers in its Chico District. The present rates for the District became effective on January 12, 2004 by Advice Letter No. 1598 that implemented a step rate increase.

Advice Letter No. 1638: filed April 1, 2004, was supplemented by Advice Letter No. 1638-A filed June 4, 2004. CWSC seeks revision to its tariff Schedule Nos. CH-1, General Metered Service by assessing a surcharge of \$0.0266 per Ccf over 24 months, and CH-2R, Residential Flat Rate Service, by assessing a surcharge of \$0.65 to \$1.22 per service connection depending on lot size over 24 months to recover \$591,459 or 5.8% under-collection, including interest. This recovery includes no adjustment in 2001 or in calendar year 2002 due to over-earnings.

Advice Letter No. 1639: filed April 1, 2004. CWSC seeks to retain a \$10,920 net under-collection in its purchased power reserve account, including interest, for

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Dixon District

CWSC serves about 2,800-metered customers in its Dixon District. The present rates for the District became effective on January 12, 2004 by Advice Letter No. 1599 that authorized a step rate increase.

Advice Letter No. 1621: filed March 25, 2004. CWSC seeks to retain a \$5,940 (revised to 5,973 on June 18, 2004) net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in 2001 or in calendar year 2002.

Advice Letter No. 1634: filed March 29, 2004. CWSC seeks to retain a \$4,722 (revised to \$4,755 on June 18, 2004) net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Dominguez-South Bay District

CWSC serves about 33,000-metered customers in its Dominguez-South Bay District. The present rates for the District became effective on August 24, 2004 by Advice Letter No. 1669 that authorized a step rate increase.

Advice Letter No. 1655: filed April 1, 2004. CWSC seeks revision to its tariff Schedule No. DOM-1, General Metered Service, by implementing a surcredit of \$0.0316 per Ccf for 12 months to refund \$495,089 or 2.0% over-collection including interest. No adjustment for over-earnings is required for 2001 and 2002.

Advice Letter No. 1656: filed April 1, 2004. CWSC seeks revision to its tariff Schedule No. DOM-1, General Metered Service, by implementing a surcredit of \$0.0425 per Ccf for 12 months to refund \$666,335 or 2.7% over-collection including interest. No adjustment for over-earnings is required for 2003.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

East Los Angeles District

CWSC serves about 26,400-metered customers in its East Los Angeles District. The present rates for the District became effective on January 12, 2004 by Advice Letter No. 1600 that authorized a step rate increase.

Advice Letter No. 1625: filed March 25, 2004. CWSC seeks to retain a \$374,679 net under-collection, including interest, for later recovery. This recovery includes a \$86,836 adjustment due to over-earnings in 2001 and a \$725,952 adjustment due to over-earnings in calendar year 2002.

Advice Letter No. 1651: filed April 1, 2004. CWSC seeks to retain a \$293,632 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Hermosa-Redondo

CWSC serves about 25,600-metered customers in its Hermosa-Redondo District. The present rates for the District became effective on January 12, 2004 by Advice Letter No. 1601 that authorized a step rate increase.

Advice Letter No. 1620: filed March 25, 2004. CWSC seeks revision to its tariff Schedule No. HR-1, General Metered Service, to institute a surcredit of \$0.0432 per Ccf for 12 months to refund an over-collection of \$264,699 or 1.52% accrued in December 2001 and calendar year 2002. No adjustments to these account balances were necessary due to over-earnings in 2001 or calendar year 2002.

Advice Letter No. 1652: filed April 1, 2004, supplemented by Advice Letter No. 1652-A, filed June 9, 2004. CWSC seeks revision to its tariff Schedule No. HR-1, General Metered Service, to implement a surcredit of \$0.85 per month for a period of 12 months to refund \$263,429 or 1.5% over-collection. This refund includes no adjustment due to over-earnings in calendar year 2003.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

King City

CWSC serves about 2,200-metered customers in its King City District. The present rates for the District became effective on January 12, 2004 by Advice Letter No. 1602 that authorized a step rate increase.

Advice Letter No. 1653: filed April 1, 2004 was modified by sheets received May 14, 2004. CWSC seeks revision to its tariff Schedule No. KC-1, General Metered Service, by implementing a surcredit of \$4.32 per service connection for 36 months to refund \$353,519 or 27.55% over-collection including interest. No adjustment for over-earnings is required for 2001 and 2002.

Advice Letter No. 1654: filed April 1, 2004. CWSC seeks to retain a \$5, 817 net under-collection, including interest, in its purchased water, purchased power reserve accounts and postage and ad valorem tax memorandum accounts for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Livermore District

CWSC serves about 16,800-metered customers in its Livermore District. The present rates for the District became effective on May 11, 2004 by Resolution (Res.) No. W-4469 that authorized an offset rate increase.

Advice Letter No. 1619: filed March 24, 2004, was supplemented by Advice Letter No. 1619-A on May 19, 2004 and Advice Letter 1619-B on June 14, 2004. CWSC seeks revision to its tariff Schedule No. LV-1, General Metered Service, by assessing a surcharge of \$0.0602 per Ccf over 12 months, to recover a \$278,731 or 2.7% under-collection, including interest. This recovery includes an adjustment of \$21,276 due to over-earnings in December of 2001 and \$38,407 due to over-earnings in calendar year 2002.

Advice Letter No. 1635: filed March 29, 2004, was supplemented by Advice Letter No. 1635-A filed May 19, 2004 and Advice Letter 1635-B, filed June 14, 2004. CWSC seeks to retain a \$195,362 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Los Altos-Suburban District

CWSC serves about 18,300-metered customers in its Los Altos-Suburban District. The present rates for the District became effective on January 12, 2004 by Advice Letter No. 1604 that authorized a step rate increase.

Advice Letter No. 1640: filed April 1, 2004, CWSC seeks revision to its tariff Schedule No. LS-1, General Metered Service, by assessing a surcharge of \$0.0639 per Ccf over 24 months to recover \$774,093 or 5.95% under-collection, including interest. This recovery requires no adjustment in 2001 or in calendar year 2002 due to over-earnings.

Advice Letter No. 1641: filed April 1, 2004. CWSC seeks revision to its tariff Schedule No. LS-1, General Metered Service, by assessing a surcharge of \$0.0902 per Ccf over 12 months to recover \$546,716 or 4.35% under-collection, including interest. This recovery includes no adjustment in calendar year 2003 due to over-earnings.

Marysville District

CWSC serves about 1,100-metered customers and 2,600 flat rate customers in its Marysville District. The present rates for the District became effective on January 12, 2004 by Advice Letter No. 1605 that authorized a step rate increase.

Advice Letter No. 1627: filed March 26, 2004, was supplemented by Advice Letter 1627-A filed May 21, 2004. CWSC seeks revision to its tariff Schedule No. MR-1, General Metered Service, by assessing a surcharge of \$0.0439 per Ccf, and to Schedule No. MR-2R Residential Flat Rate Service, by assessing a surcharge of \$0.86 to \$1.63 per service connection depending on lot size, over 12 months, to recover a \$60,242 or 3.7% under-collection, including interest. This recovery includes no adjustment due to over-earnings in 2001 or in calendar year 2002.

Advice Letter No. 1630: filed March 29, 2004, was supplemented by Advice Letter No. 1630-A filed May 21, 2004. CWSC seeks to retain a \$2,511 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Mid-Peninsula District

CWSC serves about 35,800-metered customers in its Mid-Peninsula District. The present rates for the District became effective on January 12, 2004 by Advice Letter No. 1606 that authorized a step rate increase.

Advice Letter No. 1628: filed March 29, 2004 was supplemented by Advice Letter No. 1628-A filed May 18, 2004⁴. CWSC seeks to retain a \$195,053 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in 2001 or calendar year 2002.

Advice Letter No. 1629: filed March 29, 2004, was supplemented by Advice Letter No. 1629-A filed May 18, 2004. CWSC seeks revision to its tariff Schedule No. MID-1, General Metered Service, by assessing a surcharge of \$0.0749 per Ccf over 24 months, to recover a \$1,116,923 or 3.0% under-collection, including interest. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Palos Verdes District

CWSC serves about 23,800-metered customers in its Palos Verdes District. The present rates for the District became effective on August 24, 2004, by Advice Letter No. 1670, that authorized a step rate increase.

Advice Letter No. 1624: filed on March 25, 2004, was supplemented by Advice Letter No. 1624-A, filed on May 26, 2004. CWSC seeks revision to its tariff Schedule No. PV-1, General Metered Service, by assessing a surcharge of \$0.0889 per Ccf over 24 months, to recover a \$1,552,587 or 7.9% under-collection, including interest. This recovery includes no adjustment due to over-earnings in 2001 and a \$163,864 adjustment due to over-earnings in calendar year 2002.

Advice Letter No. 1643: filed on April 1, 2004, was supplemented by Advice Letter No. 1643-A, filed on May 26, 2004. CWSC seeks to retain a \$131,785 net under-collection, including interest, for later recovery. This recovery includes an adjustment of \$473,187 due to over-earnings in calendar year 2003.

⁴ CWSC's Advice Letter No. 1628 originally requested retention of \$202,453 for later recovery.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Salinas District

CWSC serves about 26,700-metered customers in its Salinas District. The present rates for the District became effective on July 20, 2004, by Advice Letter No. 1676, which implemented D.04-07-033 that authorized a general rate increase.

Advice Letter No. 1622: filed March 25, 2004. CWSC seeks revision to its tariff Schedule Nos. SA-1, Salinas Division, SA-BK-1, Bolsa Knolls Division, SA-LL-1, Las Lomas Division, SA-OH-1, Oak Hills Division, General Metered Service, by assessing a surcharge of \$0.0505 per Ccf over 24 months, to recover a \$550,345 or 3.56% under-collection, including interest. This under-collection occurred from November 30 through December 31, 2001 and in calendar year 2002. No adjustments for over-earnings were required.

Advice Letter No. 1650: filed on April 1, 2004. CWSC seeks revision to its tariff Schedule No. SA-1, Salinas Division, SA-BK-1, Bolsa Knolls Division, SA-LL-1, Las Lomas Division, SA-OH-1, Oak Hills Division, General Metered Service, by assessing a surcharge of \$0.0397 per Ccf for 24 months to recover a \$434,428 or 5.6% under-collection, including interest. No adjustment for over-earnings is required for 2003.

Selma District

CWSC serves about 2,500-metered customers and 2,800 flat rate customers in its Selma District. The present rates for the District became effective on April 28, 2004 by Advice Letter 1668, which implemented D.04-04-041 that authorized a general rate increase.

Advice Letter No. 1647: filed on April 1, 2004, was supplemented by Advice Letter No. 1647-A, filed May 21, 2004. CWSC seeks revision to its tariff Schedule No. SL-1, General Metered Service, by assessing a surcharge of \$0.024 per Ccf, and to Schedule No. SL-2R Residential Flat Rate Service, by assessing a surcharge of \$0.70 to \$1.33 per service connection depending on lot size over 24 months, to recover a \$109,958 or 6.0% under-collection, including interest. This recovery includes an adjustment of \$22,234 due to over-earnings in calendar year 2002.

Advice Letter No. 1648: filed on April 1, 2004, was supplemented by Advice Letter No. 1648-A, filed May 21, 2004. CWSC seeks revision to its tariff Schedule No. SL-1, General Metered Service, by assessing a surcharge of \$0.0285 per Ccf, and to Schedule No. SL-2R, Residential Flat Rate Service, by assessing a

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

surcharge of \$0.82 to \$1.58 per service connection depending on lot size, over 12 months, to recover a \$65,124 or 3.7% under-collection, including interest. This recovery includes an adjustment of \$33,816 due to over-earnings in calendar year 2003.

South San Francisco District

CWSC serves about 16,300-metered customers in its South San Francisco District. The present rates for the District became effective on January 14, 2004 by Advice Letter No. 1611 that authorized a step rate increase.

Advice Letter No. 1623: filed March 25, 2004. CWSC seeks to retain a \$169,387 net under-collection, including interest, for later recovery. This recovery includes an adjustment of \$9,155 due to over-earnings in 2001 and \$155,502 due to over-earnings in calendar year 2002.

Advice Letter No. 1636: filed March 30, 2004. CWSC seeks revision to its tariff Schedule No. SS-1, General Metered Service, by assessing a surcharge of \$0.0718 per Ccf over 12 months, to recover a \$285,699 or 3.0% under-collection, including interest. This recovery includes an adjustment of \$316,356 due to over-earnings in calendar year 2003.

Stockton District

CWSC serves about 41,700-metered customers in the City of Stockton and vicinity in San Joaquin County. The present rates for the District became effective on February 16, 2004, by Res. No. W-4458, which authorized an offset rate increase.

Advice Letter No. 1642: filed on April 1, 2004. CWSC seeks revision to its tariff Schedule No. ST-1, General Metered Service, by assessing a surcharge of \$0.0317 per Ccf over 12 months, to recover a \$438,361 or 2.42% under-collection, including interest. This recovery includes an adjustment of \$22,091 due to over-earnings in calendar year 2001.

Advice Letter No. 1649: filed on April 1, 2004, CWSC seeks revision to its tariff Schedules No. ST-1, General Metered Service, by assessing a surcharge of \$0.0590 per Ccf over 12 months to recover \$816,131 or 4.52% under-collection in its 2003 purchased water reserve account, including interest. This recovery includes no adjustment due to over-earnings in calendar year 2003.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Visalia District

CWSC serves about 12,322-metered and 16,678 flat rate customers in its Visalia District. The present rates for the District became effective on January 12, 2004, by Advice Letter 1608, which authorized a step rate increase.

Advice Letter No. 1637: filed March 30, 2004, was supplemented by Advice Letter No. 1637-A filed June 9, 2004. CWSC seeks revision to its tariff Schedule Nos. VS-1, VS-TL-1, VS-EP-1, VS-MU-1, VS-NS-1, VS-BU-1, General Metered Service, and VS-2R, VS-TL-2R, VS-EP-2R, VS-MU-2R, VS-NS-2R, and VS-BU-2R, Residential Flat Rate Service for its Visalia, Tulco, Eptco, Mullen, Nish, and Buhl service areas respectively, by assessing a surcharge of \$0.0255 per Ccf over 24 months, or for flat rate customers assessing a surcharge of \$0.43 to \$0.93 per service connection depending on lot size for Visalia and \$0.69 for flat rate customers in Tulco, Eptco, Mullen, Nish, and Buhl over 24 months to recover \$580,827 or 6.82% under-collection, including interest. This recovery includes an adjustment of \$1,603 in 2001 and \$152,176 in calendar year 2002 due to over-earnings in those time frames.

Advice Letter No. 1644: filed April 1, 2004. CWSC seeks to retain a \$135,854 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

Westlake District

CWSC serves about 6,900-metered customers in its Westlake District. The present rates for the District became effective on September 9, 2003 by Advice Letter No. 1567, which implemented D.03-09-021 that authorized a general rate increase.

Advice Letter No. 1626: filed March 25, 2004, was supplemented by Advice Letter No. 1626-A filed June 14, 2004. CWSC seeks revision to its tariff Schedule No. WK-1, General Metered Service by assessing a surcharge of \$0.0362 per Ccf over 12 months, to recover a \$136,968 or 2.0% under-collection, including interest. This recovery includes an adjustment of \$129,977 due to over-earnings in calendar year 2002.

Advice Letter No. 1645: filed April 1, 2004, as supplemented by Advice Letter 1645-A, June 14, 2004. CWSC seeks to retain a \$2,437 net under-collection,

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

including interest, for later recovery. This recovery includes an adjustment of \$205,785 due to over-earnings in calendar year 2003.

Willows District

CWSC serves about 1,400-metered customers and 900 flat rate customers in its Willows District. The present rates for the District became effective on January 12, 2004 by Advice Letter 1609, which implemented a step rate increase.

Advice Letter No. 1616: filed March 19, 2004, was supplemented by Advice Letter No. 1616-A on May 19, 2004. CWSC seeks revision to its tariff Schedule Nos. WL-1, General Metered Service, and WL-2R, Residential Flat Rate Service, by assessing a surcharge of \$ 0.0628 per Ccf for metered customers, and \$ 1.60 to \$3.18 per service connection depending on lot size, for flat rate customers, over 12 months, to recover a \$49,503 or 5.0% under-collection, including interest accrued in December of 2001 and calendar year 2002. This recovery includes a downward adjustment of \$945 due to over-earnings in 2001.

Advice Letter No. 1633: filed March 29, 2004, as supplemented by Advice Letter No. 1633-A filed May 19, 2004. CWSC seeks to retain a \$1,147 net under-collection, including interest, for later recovery. This recovery includes no adjustment due to over-earnings in calendar year 2003.

DISCUSSION

These Advice Letters were filed in compliance with D.03-06-072 (the Decision), which was subsequently modified by D.04-03-049, March 29, 2004. D.03-06-072 Conclusion of Law 6 states:

“Consistent with the procedures designated in Appendix A, a utility shall seek review of under and over collections in accounts by filing an annual Advice Letter with the Commission’s Water Division. Except as designated in Appendix A, account recovery or refund will be implemented in the utility’s next general rate case decision. Upon authorization of the new general rate case rates, the previous account will be closed. Each utility’s annual Advice Letter seeking account review shall be filed by March 31 of the year following the year, which is the subject of the request. A utility’s Advice Letter seeking account review for November 29, 2001 through December 31, 2002 shall be filed no later than 90 days from the mailing date of this decision. ”

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

CWSC filed Advice Letter Nos. 1569-W through 1588-W on September 22, 2003 as required by the cited paragraph. All of these Advice Letters were rejected for non-conformance with Appendix A of the Decision, inaccuracies, or deviations from the requirements of the Decision that were inadequately explained and thus did not justify a discussion and approval of the deviation by resolution.

The replacement Advice Letters requesting recovery for December 2001 and calendar year 2002 balances were subsequently filed on March 25 and April 1, 2004, at the same time as the Advice Letters requesting recovery for calendar year 2003 balances, which were due March 31, 2004. Of these, Advice Letter Nos. 1653 through 1656 requested refunds and the resulting surcredits were analyzed by the Water Division and approved in May, 2004. This resolution memorializes the results of the Water Division review of all of the December 2001, calendar year 2002, and calendar year 2003 filings.

The existing procedure for recovery of reserve accounts is as follows:

- (1) Class A water utilities must file on or before March 31 of the following calendar year to recover purchased power, purchased water and pump tax (groundwater extraction charge) reserve account balances through December 31 of the prior calendar year.
- (2) The total of the reserve account balances in each district must undergo a recorded earnings test.
- (3) Based upon the results of the earnings test, reserve account balances must be adjusted to account for revenues in excess of the utility's last authorized rate of return.
- (4) Utilities, at their option, may request a surcharge once under-collections reach 2% of their last authorized revenue requirement.
- (5) Otherwise, balancing account review and recovery of remaining balances are processed at the time of the utility's next General Rate Case.

The Advice Letters in this resolution have been determined to be eligible for disposition. Water Division's analysis is as follows:

Advice Letter No. 1616-A requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002, as well as balancing account balances incurred prior to November 29, 2001, for CWSC's Willows District.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

CWSC originally requested \$48,887 but after staff pointed out deficiencies in the proper calculations of purchased power increments, and using the purchased power rate adopted in the last GRC, CWSC modified its request to \$49,503. The breakdown is as follows: The unamortized balancing account balance prior to November 29, 2001 was \$13,317. The net under-collection for December 2001 was \$1,340, but CWSC over-earned \$937 (\$945 with interest), leaving \$395 to transfer to the balancing account. The net under-collection for calendar year 2002 was \$35,814. CWSC did not over-earn in calendar year 2002. The net requested recovery is \$49,503 or 5.0%. CWSC is requesting recovery of this balance. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0628 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$1.60 per month
6,001-10,000 square feet	\$1.91 per month
10,001-16000 square feet	\$2.37 per month
16,001-25,000 square feet	\$3.18 per month
Additional single-family dwelling	\$1.11 per month

for 12 months or until the \$49,503 has been recovered whichever occurs sooner.

Advice Letter No. 1618-A requests recovery of purchased water and purchased power reserve account balances accrued in December of 2001 and in calendar year 2002, as well as balancing account balances incurred prior to November 29, 2001, for CWSC's Bakersfield District. CWSC originally requested a single surcharge for flat rate customers but after staff review, agreed that it would be fairer to impose a surcharge based on the flat rate tariff. The breakdown is as follows: The unamortized balancing account balance prior to November 29, 2001 was \$218,782. The net under-collection for December 2001 was \$22,539. CWSC did not over-earn in 2001. The net under-collection for 2002 was \$866,215. CWSC did not over-earn in calendar year 2002. The net requested recovery is \$1,107,563 or 3.76%. CWSC is requesting recovery of this balance. WD has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0376 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$1.20 per month
6,001-10,000 square feet	\$1.38 per month

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

10,001-16000 square feet	\$1.72 per month
16,001-25,000 square feet	\$2.18 per month
Additional single-family dwelling	\$0.84 per month

for 12 months or until the \$1,107,563 has been recovered whichever occurs sooner. Advice Letter No. 1619-B requests recovery of purchased water and purchased power reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Livermore District. The expense component for December 2001 was \$22,013, but CWSC over-earned \$28,266 (\$28,497 with interest) so the net incremental expense recovery from December of 2001 is zero. They also collected \$18,296 in incremental revenues during December of 2001 as the result of Res. No. W-4210, July 20, 2000 which provided an offset increase in revenues. Thus the net over-collection for 2001 was \$18,296, to be returned to ratepayers. The net under-collection for calendar year 2002 was \$335,434 but CWSC over-earned \$38,097 in 2002 (\$38,407 with interest). CWSC requests to recover \$297,021 from 2002 (the correct amount is \$297,027, included in the workpapers). When combined with the over-collection of \$18,296 from 2001, the net requested recovery is \$278,731. Water Division has reviewed the calculations and found that, after correcting for the wrong adopted rate for power (supplement A) and the erroneous calculation of the incremental power expense (supplement B) the calculations are in conformance with the decision. CWSC should be allowed to assess a surcharge of \$0.0602 per Ccf on its Livermore customers for a period of 12 months or until it has collected \$278,731, whichever occurs first.

Advice Letter No. 1620 requests to be allowed to refund purchased power and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Hermosa-Redondo District. The net over-collection for December 2001 was \$215,221. The net over-collection for 2002 was \$49,478. The Hermosa-Redondo district did not over-earn in either time period. The net requested amount to be returned to the customers is \$264,699. Water Division has reviewed the calculations and found the filing is in conformance with the decision. CWSC should be allowed to enact a surcredit of \$0.0432 per Ccf for 12 months or until the \$264,699 has been refunded, whichever occurs first.

Advice Letter No. 1621 requests retention of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Dixon District. The net under-collection for December 2001 was \$1,885. The net under-collection for 2002 was \$37,364. CWSC did not over-earn in this district for either time period. The unamortized balancing account balance prior to December 2001 was an over-collection of \$33,309. The net requested amount to retain for future recovery is \$5,940. Water

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Division has reviewed the calculations and found the wrong interest rates were used. After correcting for this error the correct retention should be \$5,973. With this correction staff finds the calculations to be in conformance with the decision. CWSC should be allowed to retain \$5,973 for later recovery (see Advice Letter 1634).

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Advice Letter No. 1622 requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Salinas District. The net under-collection for December 2001 was \$21,748. The net under-collection for 2002 was \$528,597. CWSC did not over-earn in this district for either time period. The net requested recovery is \$550,345. Water Division has reviewed the calculations and found them to be in conformance with the decision. Recovery of this under-collection is addressed later in this section.

Advice Letter No. 1623 requests recovery of purchased water and purchased power reserve account balances accrued in December of 2001 and in calendar year 2002, as well as unamortized balances in its balancing accounts prior to November 29, 2001, for CWSC's South San Francisco District. The net under-collection for December 2001 was \$9,155 but CWSC over-earned \$15,576 in 2001 (\$15,588 with interest), which reduces the \$9,155 under-collection to zero. The net under-collection for calendar year 2002 was \$155,502, but CWSC over-earned \$463,615 in 2003 (\$467,383 with interest), which reduces the \$155,502 under-collection to zero. The unamortized balances incurred prior to November 29, 2001 are \$169,387. CWSC requests to retain this amount for later recovery. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$169,387 for later recovery.

Advice Letter No. 1624-A requests recovery of purchased power and purchased water account balances incurred prior to November 29, 2001 and accrued in December of 2001 and in calendar year 2002 for CWSC's Palos Verdes District. CWSC originally requested \$1,547,385 but after using the proper rate of return for earnings test purposes, modified its request to \$1,552,587. The breakdown is as follows: The unamortized balancing account balance prior to November 29, 2001 was \$134,725. The net under-collection for December 2001 was \$84,511. CWSC did not over-earn in 2001. The net under-collection for 2002 was \$1,497,215 but CWSC over-earned \$162,543 (\$163,864 with interest)⁵ for a net under-collection of \$1,333,351 for 2002. The net requested recovery is \$1,552,587 or 7.9%. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0889 per Ccf for 24 months or until the \$1,552,587 has been recovered, whichever occurs first.

⁵ The original over-earnings in Advice Letter 1624 was \$167,703 in 2002 (\$169,066 with interest) for a net under-collection of \$1,328,149 for 2002.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Advice Letter No. 1625 requests recovery of purchased power, purchased water, and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002, as well as unamortized balancing account balances incurred prior to November 29, 2001, for CWSC's East Los Angeles District. The net under-collection for December 2001 was \$86,836, but CWSC over-earned \$94,575 (\$94,627 with interest) in 2001 so no recovery is allowed. The net under-collection for 2002 was \$842,632, but CWSC over-earned \$720,100 in 2002 (\$725,952 with interest) for a net under-collection of \$116,680. The balance prior to November 29, 2001 is \$257,999. The net requested recovery is \$374,679. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$374,679 for later recovery (see Advice Letter 1651).

Advice Letter No. 1626-A requests recovery of purchased power and purchased water reserve account balances accrued in December of 2001 and in calendar year 2002, as well as unamortized balancing account balances incurred prior to November 29, 2001, for CWSC's Westlake District. The net over-collection for December 2001 was \$116,720. There was no over-earnings in 2001. The net under-collection for 2002 was \$511,467, but CWSC over-earned \$128,929 in 2002 (\$129,977 with interest) so the net requested recovery for 2002 is \$381,490. The over-collected balance prior to November 29, 2001 is \$127,802 for a net under-collection of \$136,968 or 2.0%. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0362 per Ccf for a period of 12 months or until the \$136,968 has been recovered whichever occurs sooner.

Advice Letter No. 1627-A requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Marysville District. CWSC originally requested \$60,273 but after staff pointed out deficiencies in the proper calculations of purchased power increments, and using the purchased power rate adopted in the last GRC, CWSC modified its request to \$60,242. The breakdown is as follows: The net under-collection for December 2001 was \$3,083. The net under-collection for 2002 was \$57,159. CWSC did not over-earn in 2001 or calendar year 2002. The net requested recovery is \$60,242 or 3.7%. CWSC is requesting recovery of this balance. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0439 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Lot Size	Surcharge
Up to 6,000 square feet	\$0.86 per month
6,001-10,000 square feet	\$1.04 per month
10,001-16000 square feet	\$1.28 per month
16,001-25,000 square feet	\$1.63per month
Additional single-family dwelling	\$0.62 per month

for 12 months or until the \$60,242 has been recovered whichever occurs sooner.

Advice Letter No. 1628-A requests recovery of purchased power, purchased water, and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for the Mid-Peninsula District, as well as unamortized balancing account under-collections incurred prior to December 2001. The net under-collection for December 2001 was \$176. CWSC did not over-earn in December of 2001. The net under-collection for 2002 is \$115,362. There was no over-earnings in 2002. The accrued under-collection in the balancing accounts prior to December 2001 was \$79,515. CWSC is requesting to be allowed to retain \$195,053 for later recovery. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$195,053 in its 2001-2 Mid-Peninsula district balancing account for later recovery as requested in Advice Letter No. 1629-A.

Advice Letter No. 1629-A requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Mid-Peninsula District as well as the retained balances sought in Advice Letter Number 1628-A. Advice Letter No. 1629 originally requested to retain balances for calendar year 2003 and prior years that totaled \$1,125,255. After being informed of calculation errors, CWSC filed Advice Letter supplement 1629-A which requests recovery for calendar year 2003 and prior years of \$1,116,923. The amounts consist of \$195,053 retained in Advice Letter No. 1628-A and \$921,870 under-collected in 2003. The calculation does not include purchased power expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Mid-Peninsula retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. There was no over-earnings for 2003 in the Mid-Peninsula district. CWSC is requesting recovery of \$1,116,923 or 3.0%. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to institute a surcharge of \$0.0749 per Ccf for a period of 24 months to recover \$1,116,923, whichever occurs first.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Advice Letter No. 1630-A requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Marysville District. Advice Letter No. 1630 originally requested to retain balances for calendar year 2003 that total \$2,517. After being informed of calculation errors, CWSC filed Advice Letter supplement 1630-A which requests recovery for calendar year 2003 of \$2,511. The calculation does not include purchased power expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Marysville retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$2,511 for later recovery.

Advice Letter No. 1631 requests recovery of purchased power and purchased water reserve account balances accrued in December of 2001 and in calendar year 2002 for the Bear Gulch District. The net under-collection for December 2001 was \$20,897, but CWSC over-earned \$2,301 (\$2,303 with interest) in December 2001. The net request is \$18,594. The net under-collection for 2002 is \$576,498, but CWSC over-earned \$528,761 in 2002, leaving a net request of \$47,737. CWSC is requesting to be allowed to retain \$66,331 for later recovery. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$66,331 in its 2001-2 Bear Gulch district balancing account for later recovery.

Advice Letter No. 1632 requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Bear Gulch District as well as the retained balances sought in Advice Letter Number 1631. The amounts consist of \$66,331 retained in Advice Letter No. 1631, and \$334,024 under-collected in 2003. The calculation does not include purchased power expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Bear Gulch retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. There was no over-earnings for 2003 in the Bear Gulch district. CWSC is requesting recovery of \$400,355 or 2.67%. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to institute a surcharge of \$0.0730 per Ccf for a period of 12 months to recover \$400,355, whichever occurs first.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Advice Letter No. 1633-A requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Willows District. Advice Letter No. 1633 originally requested to retain balances for calendar year 2003 that total \$1,046. After being informed of calculation errors, CWSC filed Advice Letter supplement 1633-A which requests recovery for calendar year 2003 of \$1,147. The calculation does not include purchased power expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Willows retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$1,147 for later recovery.

Advice Letter No. 1634 requests to be allowed to credit purchased power reserve account balances accrued in calendar year 2003 for CWSC's Dixon District, as well as balances accrued prior to 2003 (see Advice Letter 1621). The net over-collection for 2003 was \$1,218. The calculation does not include purchased power expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Dixon retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. The Dixon district did not over-earn in 2003. The unamortized balancing account balance prior to 2003 was \$5,973. CWSC requests to be allowed to retain \$4,722. Water Division has reviewed the calculations and found the company used the wrong interest rates. The correct recovery amount should be \$4,755 in order to be in conformance with the decision. CWSC should be allowed to retain \$4,755 for later recovery.

Advice Letter No. 1635-B requests recovery of purchased power and purchased water reserve account balances accrued in calendar year 2003 in CWSC's Livermore District. This supplement was filed because the composite rate for purchased power used in the original filing was in error. After this adjustment, the balance in the reserve accounts totals \$195,362 for 2003⁶. The calculation does not include purchased power or purchased water expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Livermore retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. There was no over-earnings in 2003. As this is less than 2 percent of the last authorized revenue requirement it should remain in the 2003 Livermore reserve sub-account, as provided in

⁶ Advice Letter 1635 claimed the net under-collection for 2003 was \$194,776.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Res. No. W-4467, April 22, 2004, for later recovery. We will authorize retention of \$195,362 for later recovery.

Advice Letter No. 1636 requests recovery of purchased power and purchased water reserve account balances accrued in calendar year 2003 for CWSC's South San Francisco District. Advice Letter No. 1623 requested to retain pre-2001 balances that total \$169,387. This Advice Letter requests recovery for calendar year 2003. The net under-collection for 2003 was \$432,668 but CWSC over-earned \$314,668 in 2003 (\$316,356 with interest) for a net under-collection of \$116,312 for 2003. The net requested recovery is \$285,699. Staff reviewed the filing and determined that recovery of this balance by a surcharge of \$0.0718 per CCf on all water sold for 12 months is in accordance with the decision. The tariff sheet filed with Advice Letter No 1636 (PUC Sheet No. 6073-W) mistakenly spread this surcharge over 24 months rather than the 12 months requested in the Advice Letter. This error will not significantly affect the recovery since the surcharge will terminate when the allotted amount has been recovered.

Advice Letter No. 1637-A requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002, as well balancing account balances incurred prior to November 29, 2001, for CWSC's Visalia District. CWSC originally was going to charge a single flat rate surcharge, but after review by staff agreed that it would be fairer to charge based on the flat rate. The breakdown is as follows: The net under-collection for December 2001 was \$19,611, but CWSC over-earned \$1,602 (\$1,603 with interest), leaving \$18,008 to transfer to the balancing account. The net under-collection for 2002 was \$397,129 but CWSC over-earned \$150,950 (\$152,176 with interest) in calendar year 2002 leaving \$244,953 to transfer to the balancing account. The unamortized balancing account balance prior to November 29, 2001 (not subject to an earnings test) was \$317,866. The net requested recovery is \$580,827 or 6.82%. CWSC is requesting recovery of this balance over 24 months. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0255 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$0.43 per month
6,001-10,000 square feet	\$0.59 per month
10,001-16000 square feet	\$0.75 per month
16,001-25,000 square feet	\$0.93 per month
Additional single-family dwelling	\$0.36 per month

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

and a single flat rate surcharge of \$0.69 per month on its Tulco, Eptco, Mullen, Nish, and Buhl customers for 24 months or until the \$580,827 has been recovered whichever occurs sooner.

Advice Letter No. 1638-A requests recovery of purchased power reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Chico District. CWSC originally was going to charge a single flat rate surcharge, but after review by staff agreed that it would be fairer to charge based on the flat rate tariff. The breakdown is as follows: The net under-collection for December 2001 was \$22,434. CWSC did not over-earn in 2001. The net under-collection for 2002 was \$569,025. CWSC did not over-earn in calendar year 2002. The net requested recovery is \$591,459. CWSC is requesting recovery of this balance over 24 months. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to impose a surcharge of \$0.0266 per Ccf on water sold and a surcharge on flat rate customer bills as follows:

Lot Size	Surcharge
Up to 6,000 square feet	\$0.65 per month
6,001-10,000 square feet	\$0.78 per month
10,001-16000 square feet	\$0.96 per month
16,001-25,000 square feet	\$1.22 per month
Additional single-family dwelling	\$0.46 per month

for 24 months or until the \$591,459 has been recovered whichever occurs sooner.

Advice Letter No. 1639 requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Chico District. The net under-collection was \$10,920. No adjustment was required for over-earnings in calendar year 2003. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$10,920 for future recovery.

Advice Letter No. 1640 requests recovery of purchased power, purchased water, and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for the Los Altos-Suburban District. The net under-collection for December 2001 was \$21,603. CWSC did not over-earn in 2001. The net under-collection for 2002 is \$752,490. There was no over-earnings in 2002. CWSC is requesting recovery of \$774,093 or 5.95%. Water Division has reviewed the calculations and found them to be in conformance with the decision. Recovery of this under-collection is addressed later in this section.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Advice Letter No. 1641 requests recovery of purchased water, purchased power, and pump tax reserve account balances accrued in calendar year 2003 for CWSC's Los Altos-Suburban District. The net under-collection was \$546,716 or 4.35%. The calculation does not include purchased power, water or pump tax expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Los Altos-Suburban retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. No adjustment was required for over-earnings in calendar year 2003. Water Division has reviewed the calculations and found them to be in conformance with the decision. Recovery of this under-collection is addressed later in this section.

Advice Letter No. 1642 requests recovery of purchased power, purchased water, and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for the Stockton District. The net under-collection for December 2001 was \$169,511 but CWSC over-earned \$22,075 in December of 2001 (\$22,091 with interest) for a net under-collection of \$147,420 for December of 2001. The net under-collection for 2002 is \$421,021. There was no over-earnings in 2002, so CWSC is requesting recovery of the entire amount. CWSC also has a net over-collection in its pre December 2001 balancing account of \$130,080, which CWSC is requesting be credited against the two recoveries discussed above. In addition to purchased power, purchased water, and pump tax the pre-December 2001 balance includes legal fees of \$59,674.15 incurred from 1992 through 1998 in litigating its Stockton East Water Purchase Contract. Tracking of these fees was authorized by D.92-06-046, June 17, 1992. The net requested recovery is \$438,361 or 2.42%. Water Division has reviewed the calculations and found them to be in conformance with the decision. Recovery of this under-collection is addressed later in this section.

Advice Letter No. 1643-A requests recovery of purchased power and purchased water reserve account balances accrued in calendar year 2003 in CWSC's Palos Verdes District⁷. This supplement was filed because the rates adopted by D.04-04-041, April 22, 2004 were effective as of October 30, 2003. The adopted quantities in D.04-04-041 included the actual costs for purchased power and pump tax in November and December 2003, thus those values result in an incremental cost of zero for November

⁷ Advice Letter 1643 claimed the net under-collection for 2003 was \$683,190. CWSC over-earned \$516,475 in 2003 (\$519,227 with interest) for a net under-collection of \$163,963 for 2003.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

and December 2003. After this adjustment, the balance in the reserve accounts totals \$604,972 for 2003. This amount must be adjusted for over-earnings of \$473,187 resulting in a net under-collection of \$131,785. As this is less than 2 percent of the last authorized revenue requirement it should remain in the 2003 Palos Verdes reserve sub-account, as provided in Res. No. W-4467, April 22, 2004, for later recovery.

Advice Letter No. 1644 requests recovery of purchased water, purchased power and pump tax reserve account balances accrued in calendar year 2003 for CWSC's Visalia District. The net under-collection was \$135,854. The calculation does not include purchased power, water or pump tax expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Visalia retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. No adjustment was required for over-earnings in calendar year 2003. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$135,854 for future recovery.

Advice Letter No. 1645-A requests recovery of purchased water, purchased power and pump tax reserve account balances accrued in calendar year 2003 for CWSC's Westlake District. The net under-collection was \$2,437. The calculation does not include purchased power, water or pump tax expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Westlake retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. CWSC over-earned by \$205,785 in Westlake in calendar year 2003. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$2,437 for future recovery.

Advice Letter No. 1646 requests recovery of purchased water and purchased power reserve account balances accrued in calendar year 2003 for CWSC's Bakersfield District. The net under-collection was \$426,312. No adjustment was required for over-earnings in calendar year 2003. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$426,312 for future recovery.

Advice Letter No. 1647-A requests recovery of purchased power and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Selma District after adjusting for calculation errors of incremental purchased power

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

costs and properly spreading the surcharges to the flat rate customers⁸. The breakdown is as follows: The net under-collection for December 2001 was \$5,666. The net under-collection for calendar year 2002 was \$126,526 but CWSC over-earned by \$22,055 (\$22,234 with interest) in calendar year 2002. The net requested recovery for 2002 is \$104,292 for a total recovery of \$109,958 or 6.0%. Water Division has reviewed the calculations and found them to be in conformance with the decision. Recovery of this under-collection is addressed later in this section.

Advice Letter No. 1648-A requests recovery of purchased power and pump tax reserve account balances accrued in calendar year 2003 for CWSC's Selma District⁹. The net under-collection for 2003 was \$98,940 but CWSC over-earned \$33,636 (\$33,816 with interest) in 2003 for a net under-collection of \$65,124 or 3.7% for 2003. Water Division has reviewed the calculations and found them to be in conformance with the decision. Recovery of this under-collection is addressed later in this section.

Advice Letter No. 1649 requests recovery of purchased water reserve account balances accrued in calendar year 2003 for CWSC's Stockton District. The net under-collection for 2003 was \$816,131 or 4.52%. The calculation does not include purchased water expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Stockton retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. There was no over-earnings in 2003. CWSC is requesting recovery of the entire balance. Water Division has reviewed the calculations and found them to be in conformance with the decision. Recovery of this under-collection is addressed later in this section.

Advice Letter No. 1650 requests recovery of purchased power reserve account balances accrued in calendar year 2003 for CWSC's Salinas District. The net under-collection for 2003 was \$434,428 or 5.6%. The calculation does not include purchased power expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Salinas retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for

⁸ Advice Letter No 1647 claimed a net under-collection for December 2001 of \$5,736. The net under-collection for 2002 was \$128,119 but CWSC over-earned \$24,060 in 2002 (\$24,255 with interest) for a net under-collection of \$109,600 for 2002.

⁹ Advice Letter 1648 requested a net under-collection for 2003 was \$116,240 but CWSC over-earned \$48,475 in 2003 (\$48,735 with interest) for a net under-collection of \$67,505 for 2003.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

the remainder of 2003 for this district. There was no over-earnings in 2003. CWSC is requesting recovery of the entire balance. Water Division has reviewed the calculations and found them to be in conformance with the decision. Recovery of this under-collection is addressed later in this section.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Advice Letter No. 1651 requests crediting of purchased water, purchased power, and pump tax reserve account balances accrued in calendar year 2003 for CWSC's East Los Angeles District and retention of balancing account balances incurred prior to 2003 (see Advice Letter 1625). The net over-collection for 2003 was \$81,047. The calculation does not include purchased power, purchased water and pump tax expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in East Los Angeles retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. There was no over-earnings in 2003. Prior balances awaiting recovery total \$374,679 for a net of \$293,632 under-collection. CWSC is requesting to be allowed to retain this balance for future recovery. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$293,632 for later recovery.

Advice Letter No. 1652-A requests to refund purchased water, purchased power, and pump tax reserve account balances accrued in calendar year 2003 for CWSC's Hermosa-Redondo District. The net over-collection for 2003 was \$263,429. The calculation does not include purchased power, water or pump tax expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in Hermosa-Redondo retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. There was no over-earnings in 2003. CWSC discovered two errors in its original filing, which requested refund of \$258,693. CWSC is requesting to be allowed to institute a surcredit of \$0.85 per service connection per month for 12 months. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to refund \$263,429 by instituting a surcredit of \$0.85 per service connection per month for 12 months or until the balance has been refunded whichever occurs first.

Advice Letter No. 1653 as modified by sheets received May 14, 2004, requests refunding of purchased water, purchased power and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's King City District plus refunding of the unamortized amount in the balancing account incurred prior to November 20, 2001. The net over-collection for December 2001 was \$525. The net over-collection for 2002 was \$9,604. No adjustment was required for over-earnings in 2001 or calendar year 2002. The unamortized over-collection prior to November 29, 2001 is \$343,390. The net requested refund is \$353,519. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC was authorized to institute a surcredit of \$4.32 per service connection for 36 months or until the \$353,519 has been refunded, whichever is sooner by Water Division letter. The surcredit became effective on May 11, 2004.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Advice Letter No. 1654 requests retention of purchased power and pump tax reserve account balances and postage and ad valorem taxes memorandum account balances accrued in calendar year 2003 for CWSC's King City District. The calculation does not include purchased power and pump tax expenses incurred after April 3, 2003 because D.03-04-033, April 3, 2003 makes rates in King City retroactive to April 3, 2003. These retroactive rates include the off-settable expenses for the remainder of 2003 for this district. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC should be allowed to retain \$5,817 for later recovery.

Advice Letter No. 1655 requests refund of purchased power and pump tax reserve account balances accrued in December of 2001 and in calendar year 2002 for CWSC's Dominguez-South Bay District. The net over-collection for December 2001 was \$29,635. The net over-collection for 2002 was \$465,454. No adjustment was required for over-earnings in 2001 or calendar year 2002. The net requested refund is \$495,089. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC was allowed to provide a surcredit of \$0.0316 per Ccf for 12 months or until the \$465,454 has been recovered, whichever is sooner by Water Division letter. The surcredit became effective on May 11, 2004.

Advice Letter No. 1656 requests refund of over-collections in the purchased water, purchased power and pump tax reserve account balances accrued in calendar year 2003 for CWSC's Dominguez-South Bay District. The net over-collection was \$666,335. No adjustment was required for over-earnings in calendar year 2003. Water Division has reviewed the calculations and found them to be in conformance with the decision. CWSC was allowed to institute a surcredit of \$0.0425 per Ccf for 12 months or until the \$666,335 has been refunded, whichever is sooner by Water Division letter. The surcredit became effective on May 11, 2004.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

Earnings Test Results

As a result of the earnings test, ratepayers were relieved of paying the following revenues to CWSC, with no impairment to CWSC to earn its authorized rate of return in the District.

District	Amount Saved 2001	Amount Saved 2002	Amount Saved 2003	Total by District	Savings per Customer
Bear Gulch	\$2,303	\$528,761		\$531,064	\$30.35
East Los Angeles	\$86,836	\$725,952		\$812,788	\$30.79
Livermore	\$21,276	\$38,407		\$59,683	\$3.55
Palos Verdes		\$163,864	\$473,187	\$637,051	\$26.77
Selma		\$22,234	\$33,816	\$56,050	\$10.57
South San Francisco	\$9,155	\$155,502	\$316,356	\$481,013	\$29.51
Stockton	\$22,091			\$22,091	\$0.53
Visalia	\$1,603	\$152,176		\$153,779	\$5.30
Westlake		\$129,977	\$205,785	\$335,762	\$51.56
Willows	\$945			\$945	\$0.45
Total	\$144,209	\$1,916,873	\$1,029,144	\$3,090,226	

On September 2, 2004 Commissioner Kennedy held this resolution. Her office pointed out that the total recovery for a district, for example the Salinas District, was really the total of the two recoveries. In keeping with the guidelines that spread recovery of balances between 2% and 5% over one year, between 5% and 10% over two years and balances of over 10% over three years, they requested that recovery be spread over the period of time associated with the total percentage returns of both advice letters for the district, which for Salinas is 9.16%. In the case of Salinas, this would spread recovery of the entire amount over two years, rather than recovering one under-collection over one year and the other over two years.

The districts affected by this distinction are shown below:

Los Altos - \$774,093 or 5.95% (1640) and \$546,716 or 4.35% (1641) for a total of 10.3%

Salinas - \$550,345 or 3.56% (1622) and \$434,428 or 5.6% (1650) for a total of 9.16%

Selma - \$109,958 or 6.0% (1647-A) and \$65,124 or 3.7% (1648-A) for a total 9.7%

Stockton - \$438,361 or 2.42% (1642) and \$816,131 or 4.52% (1649) for a total of 6.94%

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

In keeping with Commission policy to temper rate shock by stretching recovery times, CWSC should be authorized to file compliance advice letters to recover the Los Altos District balances over three years, and the Salinas, Selma and Stockton Districts balances over two years.

NOTICE AND PROTESTS

CWSC has given public notice of the request for an increase by publishing in a local newspaper per the following table:

<u>District</u>	<u>Publication Date of Notice</u>
Bakersfield	April 20, 2004
Bear Gulch	April 21, 2004
Chico	April 19, 2004
Dixon	April 20, 2004
Livermore	April 19, 2004
Los Altos-Suburban	April 20, 2004
Mid-Peninsula	April 23, 2004
Palos Verdes	April 20, 2004
Salinas	April 20, 2004
Selma	April 21, 2004
South San Francisco	April 23, 2004
Stockton	April 20, 2004
Visalia	May 24, 2004

Proof of Publication has been provided to staff and no protest letters were received.

FINDINGS

1. CWSC filed Advice Letter Nos. 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656, in compliance with Ordering Paragraph No. 2 of D.03-06-072.
2. The application of the earnings test, as required by D.03-06-072, has resulted in savings for CWSC's customers of \$3,090,226 while still allowing CWSC to earn its authorized rate of return in these districts.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

3. The existing procedure for recovery of balancing accounts is as follows:
(1) Utilities, at their option, may request a surcharge once under-collections reach 2%; (2) Otherwise, balancing account review and recovery of remaining balances are processed at the time of the utilities' next general rate case.
4. The recovery requested in Advice Letter 1621 (Dixon), Advice Letter 1623 (South San Francisco), Advice Letter 1625 (East Los Angeles), Advice Letter 1628-A (Mid-Peninsula), Advice Letter 1630-A (Marysville), Advice Letter 1631 (Bear Gulch), Advice Letter 1633-A (Willows), Advice Letter 1634 (Dixon), Advice Letter 1635-B (Livermore), Advice Letter 1639 (Chico), Advice Letter No. 1643-A (Palos Verdes), Advice Letter No. 1644 (Visalia), Advice Letter No. 1645-A (Westlake), Advice Letter 1646 (Bakersfield), Advice Letter 1651 (East Los Angeles), and Advice Letter 1654 (King City) are less than 2% of the last authorized revenue requirement. Recovery should be incorporated in the next General Rate Case for these Districts.
5. The Commission finds, after investigation by the Water Division, that the changes requested by CWSC in Advice Letter Nos. 1616-A, 1618-A, 1619-B, 1620, 1624-A, 1626-A, 1627-A, 1629-A, 1632, 1636, 1637-A, 1638-A, 1652-A, 1653, 1655 and 1656, are justified and the resulting rates are just and reasonable.
6. California Water Service Company's requested recoveries in Advice Letter Nos. 1622 (Salinas), 1640 and 1641 (Los Altos), 1642 (Stockton), 1647-A and 1648-A (Selma), 1649 (Stockton), and 1650 (Salinas) should be recovered over a longer period representing the combined percentage surcharges of both advice letters on customers in these districts.
7. This is an uncontested matter subject to the public notice comment exclusion provided in the PU Code Section 311(g)(3).

THEREFORE IT IS ORDERED THAT:

1. California Water Service Company is authorized five days after the effective date herein to make effective revised rates as attached to Advice Letter Nos. 1616-A, 1618-A, 1619-B, 1620, 1624-A, 1626-A, 1627-A, 1629-A (which includes recovery of under-collections in AL 1628-A approved below), 1632, 1636, 1637-A, 1638-A, 1652-A, 1653, 1655, and 1656, and to concurrently cancel the presently effective rate schedules.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

2. California Water Service Company's requests to retain revenues because the balances are under 2% of \$5,973 in Advice Letter No. 1621 (Dixon), \$169,387 in Advice Letter No. 1623 (South San Francisco), \$374,679 in Advice Letter No. 1625 (East Los Angeles), \$195,053 in Advice Letter No. 1628-A (Mid-Peninsula), \$2,511 in Advice Letter No. 1630-A (Marysville), \$66,331 in Advice Letter No. 1631 (Bear Gulch), \$1,147 in Advice Letter No. 1633-A (Willows), \$4,755 in Advice Letter No. 1634 (Dixon), \$195,362 in Advice Letter No. 1635-B (Livermore), \$10,920 in Advice Letter No. 1639 (Chico), \$131,785 in Advice Letter No. 1643-A (Palos Verdes), \$135,854 in Advice Letter No. 1644 (Visalia), \$2,437 in Advice Letter No. 1645-A (Westlake), \$426,312 in Advice Letter No. 1646 (Bakersfield), \$293,632 in Advice Letter No. 1651 (East Los Angeles), and \$5,817 in Advice Letter No. 1654 (King City) are approved.
3. California Water Service Company's requests to provide a refund of \$264,699 in Advice Letter No. 1620 (Hermosa-Redondo), \$263,429 in Advice Letter No. 1652-A (Hermosa-Redondo), \$353,519 in Advice Letter No. 1653 (King City), \$495,089 in Advice Letter No. 1655 (Dominguez-South Bay) and \$666,335 in Advice Letter No. 1656 (Dominguez-South Bay) are approved.
4. California Water Service Company's requested recoveries in Advice Letter Nos. 1622 (Salinas), 1640 and 1641 (Los Altos), 1642 (Stockton), 1647-A and 1648-A (Selma), 1649 (Stockton), and 1650 (Salinas) are approved, but the requested surcharges are not authorized. California Water Service Company is authorized to supplement these advice letters to adjust the surcharges and to extend the recovery times as described above. Water Division shall review these supplements for conformance with this resolution and, if correct, allow the tariff sheets to become effective no less than five days after the filing of the supplement.
5. California Water Service Company is directed to keep maintaining its reserve accounts as required by Public Utilities Code Section 792.5 and Res. No. W-4467.

CWSC/ALs 1616-A, 1618-A, 1619-B, 1620, 1621, 1622, 1623, 1624-A, 1625, 1626-A, 1627-A, 1628-A, 1629-A, 1630-A, 1631, 1632, 1633-A, 1634, 1635-B, 1636, 1637-A, 1638-A, 1639, 1640, 1641, 1642, 1643-A, 1644, 1645-A, 1646, 1647-A, 1648-A, 1649, 1650, 1651, 1652-A, 1653, 1654, 1655 and 1656/IRJ/FLC:jrb

6. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 23, 2004; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

MICHAEL R. PEEVEY
President

CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY
Commissioners